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FRIDAY, MARCH 2, 2012

PUBLIC HEARING TESTIMONY ON:

H.B. No. 5316 (RAISED) AN ACT REQUIRING A TWO-THIRDS VOTE OF THE GENERAL ASSEMBLY TO ENLARGE MUNICIPAL MANDATES AND AUTHORIZING A REVIEW OF CERTAIN MUNICIPAL BUDGETS.

Good morning Chairs Cassano and Gentile, Ranking Members Fasano and Aman, and members of the Planning and Development Committee. I am here on behalf of the House Republican Caucus to comment on House Bill 5316 *An Act Requiring A Two-Thirds Vote of The General Assembly To Enlarge Municipal Mandates and Authorizing A Review of Certain Municipal Budgets*.

Over the past five years, the House Republican Caucus proposed municipal mandate relief in the form of bills and amendments on numerous occasions. While the legislature has failed to take any action on these proposals in the past, we are optimistic that this will finally be the session the legislature will decide to move forward with these proposals. House Bill 5315 encompasses two initiatives that will create much needed checks on the state's financial relationship with municipalities.

House Bill 5316 would require a 2/3 majority vote in each chamber of the legislature in order to pass any unfunded mandates that affect municipalities. Our municipalities have expressed on countless occasions their frustration that the legislature continually passes unfunded mandates without properly scrutinizing the effects they have on municipalities. Requiring a 2/3 majority vote to pass any unfunded mandate will give these costly unfunded mandates the scrutiny they deserve.

Additionally, House Bill 5316 authorizes the Auditors of Public Accounts to review the budget and financial condition of certain municipalities. Municipalities subject to review under this bill are those whose populations are thirty thousand or more and receive state aid in excess of 35% of their operating budget. When the audit is completed, the Auditors of Public Accounts would be required to prepare a report and include recommendations for savings, efficiencies,

improvements, and financial reforms. The report would be sent to the Planning and Development, Appropriations, and Finance, Revenue and Bonding Committees.

The current economic malaise and deficits have forced the legislature to take a closer look at every dollar it spends. Countless hours are spent reviewing the state's appropriations through agency hearings; results based accountability; and public hearings. One area of spending that is subject to relatively little scrutiny is state aid to municipalities. The state currently spends over \$2.8 billion in municipal aid with very little oversight. We constantly hear from our municipalities that they are in need of more funding for education, road repair, and capital improvements, but rarely do we closely examine how the money is used. An in-depth audit into the municipalities' finances will provide us with valuable information that will enable us to make more informed future decisions.

I look forward to working with the Committee and General Assembly in crafting a proposal that will provide some real relief to our municipalities.

Thank you.